

**Agro-based Industries and Technology Development
Project-Phase II
(ATDP-II)**

ANNUAL REPORT 2002

Prepared by



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Table of Contents

| | |
|---|-----------|
| EXECUTIVE SUMMARY..... | 1 |
| | |
| II. MAJOR ACCOMPLISHMENTS COMPARED TO PLANNED ACTIVITIES IN 2002..... | 8 |
| | |
| A. INTERMEDIATE RESULT ONE: IMPROVED COMPETITIVENESS IN AGRIBUSINESS | 8 |
| <i>GRAINS.....</i> | <i>8</i> |
| <i>FISHERIES.....</i> | <i>8</i> |
| <i>HORTICULTURE</i> | <i>11</i> |
| <i>POULTRY</i> | <i>12</i> |
| <i>OTHER: DAIRY.....</i> | <i>12</i> |
| B. IMMEDIATE RESULT TWO: IMPROVED AGRIBUSINESS SUPPORT INSTITUTIONS | 14 |
| C. INTERMEDIATE RESULT THREE: MORE MARKET ORIENTED POLICIES, LAWS, REGULATIONS AND INDUSTRY STANDARDS..... | 14 |
| | |
| LEVERAGING OTHER RESOURCES..... | 16 |

Executive Summary

Agro-based Industries and Technology Development Project-Phase II (ATDP-II) is the second phase of a project that completed its initial work in June 2000. Primary funding for the project is provided by the United States Agency for International Development (USAID). Some local funds are provided by the Government of Bangladesh (GOB). These funds are derived from the interest generated from the Agriculture Credit Fund, a \$21 million US credit facility initially created with USAID funds.

The project is managed by The Louis Berger Group, Inc., a private US business and economic development consulting company. Project partners are Cargill Technical Services (a branch of Cargill Inc., the world's largest private agribusiness company) and Land O' Lakes, the largest cooperative in the United States.

Developing competitiveness is the imperative that serves as the basis for the project's goal of promoting the growth of privately owned agribusiness that can succeed in an open, competitive market environment. The project's objectives are to:

1. Provide direct enterprise assistance to selected agribusinesses;
2. Strengthen key financial and non-financial agribusiness support institutions;
3. Achieve improvements in relevant policies, laws, regulations and standards through both government-level and industry-level interventions.

Economically the project is charged with:

- Increasing domestic agribusiness sales by US \$154 million;
- Increasing export sales by US \$59 million.

Functioning as a consulting firm, ATDP-II provides consultation and training in areas such as pre-investment studies, writing business plans, marketing, sales, financing, market research, troubleshooting and management. Entrepreneurs pay for these services on a cost-sharing basis. Business is conducted throughout the country with Agribusiness Centers of Excellence in Dhaka, Khulna, Chittagong, Bogra and Sylhet.

ATDP-II set up a separate Seal of Quality (SOQ) office for the shrimp industry. The SOQ Program is designed to assure buyers that products marked with the seal meet the highest sanitary, environmental, human rights, and labor standards. The ultimate objective of the SOQ program is to improve the competitiveness of Bangladeshi shrimp in world markets. Following intensive consensus-building within and technical assistance to the industry, a strategy for privatizing the quality assurance and extension system has been prepared and agreed upon by the major donors and key players in the industry.

Extensive discussions have also been held with the Ministries of Commerce, Fisheries and Livestock, Finance, the Export Promotion Board, and others in government. A meeting with the

major buyers, trade associations and NGO's in the European Union and the United States has been held. The Seal of Quality unit is working to unite the entire shrimp industry to meet the global certification standards being put in place by these buyers, trade associations and NGOs. Actual achievements and results are shown in the tables below.

| INCREASE IN DOMESTIC AND EXPORT SALES (US \$) AND NUMBER OF JOBS IN 2002 | | | | | |
|---|---|-----------------|---|--------------------|-----------------|
| Sub sector | Domestic Sales (<i>Million US\$</i>) | | Export Sales (<i>Million US\$</i>) | No. of Jobs | |
| | Direct | Indirect | | Direct | Indirect |
| Fisheries | 2.04 | 7.89 | (24.58) | 8,271 | 10,410 |
| Poultry | 23.04 | 11.52 | - | 686 | 231 |
| Grains | 1.28 | 1.25 | - | 90 | 30 |
| Horticulture | 0.16 | 0.57 | 2.59 | 227 | 530 |
| Livestock | 0.01 | - | - | 135 | - |
| Subtotal | 26.53 | 21.23 | 2.59 | 9,409 | 11,201 |
| Total Direct & Indirect | 47. 76 | | (21.99) | 20,610 | |

The total domestic sales growth created by the clients of ATDP-II in 2002 is US \$48 million, of which US \$27 million is directly from the clients. The total growth in jobs created by ATDP-II clients in 2002 is 20,610, of which 9,409 come from the clients directly; the rest result from the demand in the supply chain created by the clients.

The shrimp sector was expected to lead the growth in export sales. However, exports were adversely affected by the sharp decline in the world price of shrimp. Thus, although the volume of shrimp exports did increase, their value decreased by US \$25 million compared to 2001. Even with this decline, however, 16 out of 30 ATDP-II clients increased their export sales by US \$26 million over 2001. The decline was also far less than the 2001 decline of approximately US \$80 million.

Through charts, tables and analysis, this year-end report highlights the work in each subsector. This work serves as the basis of our continued growth in 2003.

I. Annual Report 2002 in Charts

A. Sales and Jobs Growth

| INCREASE IN DOMESTIC SALES AND EXPORTS AND INCREASE IN NUMBER OF JOBS | | | | | | | | |
|---|---------------------------|----------|-------------------------|-------------|----------|-----------------------|---------------------|-------------|
| Subsector | Achievements in year 2002 | | | | | Target for USAID 2002 | | |
| | Increase/Decrease | | | | | Increase | | |
| | Domestic Sales Million \$ | | Export Sales Million \$ | No. of Jobs | | Domestic Sales Mln \$ | Export Sales Mln \$ | No. of Jobs |
| | Direct | Indirect | Direct | Direct | Indirect | | | |
| Fisheries | 2.04 | 7.89 | (24.58) | 8,271 | 10,410 | | | |
| Poultry | 23.04 | 11.52 | - | 686 | 231 | | | |
| Grains | 1.28 | 1.25 | - | 90 | 30 | | | |
| Horticulture | 0.16 | 0.57 | 2.59 | 227 | 530 | | | |
| Other: Dairy | 0.01 | - | - | 135 | - | | | |
| Total | 26.53 | 21.23 | (21.99) | 9,409 | 11,201 | 24 | 9 | 13,000 |
| Grand Total (Direct + Indirect) | 47.76 | | (21.99)* | 20,610 | | | | |

The table shows that the total increase in domestic sales of ATDP-II clients is approximately US \$48 million. This constitutes 199 percent achievement over the target (US \$24 million). The increased number of employees working for clients and their associates is approximately 20,610, about 159 percent achievement over the target (13,000).

***Although the shrimp industry experienced an overall decline of US \$25 million in sales in 2002, 16 of ATDP's 30 shrimp processing clients increased their export sales by US \$26 million. The 2002 decline is less than a third of the 2001 decline of US \$80 million, but it could increase once more if the Bangladesh shrimp industry fails to prepare itself to meet coming international codes in human rights, labor practices, environmental management, hygiene, and food safety. The global recession adds to this vulnerability.**

B. Number of Clients Adopting Improved Management Practices and Technologies

| NUMBER OF CLIENTS ADOPTING MANAGEMENT PRACTICES AND IMPROVED TECHNOLOGIES | | |
|---|--------------------------|-------------------|
| Sub sector name | Achievement in year 2002 | USAID 2002 Target |
| Fisheries | 49 | 38 |
| Poultry | 12 | |
| Grains | 8 | |
| Horticulture | 8 | |
| Livestock | 1 | |
| Total | 78 | |

The table above shows that 78 clients have adopted improved management practices, a 205 percent achievement against the target.

C. Number of Clients Introduced to New Markets

| NUMBER OF CLIENTS INTRODUCED NEW MARKETS | | |
|--|--|-------------------|
| Subsector name | Achievement in year 2002 New market | USAID 2002 Target |
| Fisheries | 7 | 20 |
| Poultry | 5 | |
| Grains | 6 | |
| Horticulture | 4 | |
| Other: Dairy | 1 | |
| Total | 23 | |

The table above shows that 23 ATDP-II clients entered 118 new markets in 2002, a 115 percent achievement against the target.

D. Value of Financial Resources Raised by ATDP-II Clients from All Sources

| VALUE OF FINANCIAL RESOURCES RAISED BY ATDP II CLIENTS FROM ALL SOURCES | | |
|---|--|-------------------------------------|
| Subsector name | Achievement in year 2002 (million US\$) | USAID 2002 Target (million US\$) |
| Fisheries | 1.66 | 2 |
| Poultry | 0.41 | |
| Grains | 0.08 | |
| Horticulture | 0.03 | |
| Other: Dairy | 0.01 | |
| Total | 2.19 | |

According to the data available, the value of financial resources raised by ATDP II clients from all resources is US \$2.19 million, about 110 percent against the target of US \$2 million. Acquiring financial data has been difficult, as clients are reluctant to disclose such sensitive information.

E. Clients Contracted in 2002

| Subsector | Contracts signed in 2002 |
|-------------------------------------|--------------------------|
| Fisheries | 10 |
| Poultry | 7 |
| Grains | 5 |
| Horticulture | 4 |
| Other: Dairy | 1 |
| Agribusiness Support Institutions | 6 |
| Total no of signed contracts | 33 |

A total of 33 new clients signed contracts with ATDP-II in 2002.

F. Technical Assistance Provided

| Subsector | Focus Area of TAs Provided in 2002 | | | | | |
|----------------------|------------------------------------|-----------|----------|-----------------|---------------------------|------------|
| | Operations | Marketing | Finance | Human Resources | Association Strengthening | Total |
| Finfish | 17 | 2 | 3 | 1 | 4 | 27 |
| SOQ | 5 | 2 | 1 | 2 | 3 | 13 |
| Poultry | 18 | 11 | 1 | 1 | 1 | 32 |
| Grains | 9 | 3 | 2 | 1 | 0 | 15 |
| Horticulture | 6 | 5 | 1 | 1 | 2 | 15 |
| Others -Dairy | 3 | 0 | 0 | 0 | 0 | 3 |
| Total | 58 | 23 | 8 | 6 | 10 | 105 |

The table above shows the areas in which technical assistance was provided. A total of 105 TAs were provided.

G. Training Provided

| TRAINING | | | | | |
|-------------------------|-------------------------|---------------------------------|--------------|------------|--------------------|
| Training events | Planned Courses planned | Actual No. of Courses Organized | Participants | | Total Participants |
| | | | Male | Female | |
| Subsectors (In-country) | 41 | 34 | 1,575 | 127 | 1,702 |
| Overseas | 10 | 13 | 44 | 2 | 46 |
| Total | 51 | 47 | 1,619 | 129 | 1,748 |

The table above shows that 47 of the 51 planned training courses were implemented in 2002. This constitutes 92 percent achievement against the target.

H. Cost Sharing

| Subsector | Number of formal TAs | Total cost of TA ('000 Tk.) | Cost sharing % ATDP-II % | Client % | Amount ('000 Tk.) ATDP-II | Client |
|------------------------|----------------------|-----------------------------|-----------------------------|------------|------------------------------|--------------|
| Finfish | 27 | 2,169 | 47% | 53% | 1,012 | 1,157 |
| Poultry Subsector | 32 | 855 | 46% | 54% | 391 | 464 |
| Grains Subsector | 15 | 1,937 | 67% | 33% | 1,295 | 642 |
| Horticulture Subsector | 15 | 1,131 | 59% | 41% | 664 | 467 |
| Others: Dairy | 3 | 271 | 64% | 36% | 174 | 97 |
| Total | 92 | 6,363 | 56% | 44% | 3,536 | 2,827 |

ATDP-II introduced its cost sharing policy during the third quarter of 2001. All clients, no matter how small their sales revenues are, must make a minimum cost share contribution. The percentage of cost sharing is decided based on the client's annual sales revenue and ranges from 25% to 100%. Clients shared 44 percent of the total cost of technical assistance in 2002.

I. Media Coverage of ATDP-II Activities

| Area of Work | Number of Articles |
|------------------------------------|--------------------|
| SOQ | 29 |
| Poultry | 13 |
| Grains | 06 |
| Horticulture | 17 |
| Fisheries | 09 |
| Agribusiness Center for Excellence | 05 |
| Others | 29 |
| Total | 108 |

In 2002, ATDP-II activities were widely covered by the media. Leading Bengali and English language newspapers published 108 reports and articles about the activities of ATDP-II.

J. Major Documents

The following major documents were produced in 2002:

| |
|--|
| 1. Training Manual on Commercial Layer Farm Management, Pellet Feed Formulation, and Quality Control |
| 2. Manual on Computerized Business Management |
| 3. Business Planning and Management Manual |
| 4. Post Harvest Training Manual on Fruits and Vegetables |
| 5. Health Hazard Analysis and Critical Control Point Training Manual |
| 6. The Prospects and Problems for Agribusiness in Bangladesh: The ATDP-II Experience |
| 7. Shrimp Brochure for Euro Seafood Show |
| 8. Diseases and Bio-Security Management in Poultry Breeder Farms and Hatcheries |
| 9. Key Note Paper on Hatchery Management |
| 10. An Assessment of the Poultry Broiler Demand in Dhaka |
| 11. Hygienic Broiler Meat Management |
| 12. Diseases and Bio-Security Management on a Commercial Poultry Farm |
| 13. Feed Formulation/Nutrition in Poultry Feed Mills and Breeder Farms |
| 14. Alternative Strategy Paper on Seal Of Quality Program in Bangla and English |
| 15. Comprehensive Strategy Paper on SOQ – Questions & Answers |
| 16. SOQ Newsletters (June and July) in Bangla and English |
| 17. SOQ Alert Notices |
| 18. Training Manual for Fruit Processing for WEAB |
| 19. Paper on the Feasibility of Branding Tea in Bangladesh |

II. Major Accomplishments Compared to Planned Activities in 2002

A. INTERMEDIATE RESULT ONE: IMPROVED COMPETITIVENESS IN AGRIBUSINESS

GRAINS

ATDP-II focused on institution strengthening and competitiveness in the grain sector. The Wheat Flour Millers Association was strengthened through training and technical assistance on computerized financial management and quality control of their products. New products were developed and entrepreneurs were introduced to modern technologies and product diversification through overseas training. As a result of ATDP-II's efforts in the corn industry, AFS Enterprise, an agro-machinery importing agency, has become the Bangladesh agent of GT Dryer Corporation. GT Dryer products set the standard for portable grain dryers worldwide.

Activity Highlights

1. ATDP-II worked with Satata Bakery to develop new products to be distributed in a new market outlet in Dhaka, to improve the quality of their existing products, and to reduce unit production costs by using different ingredients.
2. Twenty members representing 14 mills associated with the Narayanganj Atta Mayda Mill Malik Samity received computerized management training to improve the financial management of their businesses.
3. Famous Bread and Confectionery, with assistance from ATDP-II, developed four new biscuits, fine-tuned two existing biscuit products, and entered into one new geographic market.
4. ATDP-II assisted Ananna Foods in Barisal to establish a new bakery plant for bread, biscuits, and cakes, to develop four new products, and to enter into one new geographic market area.
5. The subsector consultant assisted Doyel Agro Complex to finalize its business plan and submit a loan application to Rajshahi Krishi Unnayan Bank for financial assistance for its corn project. They have received Tk 16 million in credit from RAKUB for their contract farming and have selected and trained 700 farmers working 4,000 acres of land.

FISHERIES

Seal of Quality Program

In 2002, ATDP-II introduced a Seal of Quality program for the shrimp industry – the first such program in Bangladesh. ATDP-II organized a broad coalition of farmers, suppliers, hatchery owners, processors, buyers, donors and NGOs, who are working together to save the shrimp industry.

Codes of Conduct in the areas of human rights, fair labor practices, sound environmental management, and food safety are being devised by international buyers, industry associations and NGOs. As these codes come into effect, producers who fail to meet the standards will find it exceedingly difficult, if not impossible, to market their shrimp. Competition in the shrimp industry is also increasing, with new countries entering the market that are capable of producing high quality shrimp in larger volumes than Bangladesh.

The SOQ program is design to insure that Bangladesh does not lose an industry that earned US \$250 million plus in sales in 2002 and provides over 600,000 jobs. The SOQ program is an effort to Build, Operate and Transfer (BOT) an independent program providing third party certification. A vital part of this effort is to build an all-industry association. The greatest constraint to the success of the program is the difficulty in getting the Ministry of Fisheries and the leadership of the Bangladesh Frozen Food Exporters Association to understand the changing global market and the need to achieve transparency through a fully independent certification program that has creditability with buyers and consumers.

Activity Highlights - SOQ

Business services to clients:

1. With support from ATDP-II, two farmers, two suppliers and two processors attended the 2002 European Seafood Exposition in Brussels. This visit was part of an organizing effort to talk to buyers, to understand their needs, and to introduce the SOQ.
2. Farmers in Bagerhat district established regional and district level cooperatives to advocate the need to establish a Seal of Quality for the shrimp industry.
3. The Supplier Associations of Rupsha and Nutun Bazar in Khulna have been working with ATDP-II to strengthen their existing associations under the umbrella of the SOQ project.
4. A seven-member team of shrimp farmers and suppliers working with the Seal of Quality program visited Thailand to learn how its shrimp industry is preparing to meet coming international certification standards.

Campaigning

1. Meetings to discuss SOQ activities and to link industry representatives and donors interested in the Bangladesh fisheries sector were held with DFID, the Dutch Embassy, DANIDA, FAO, and the World Bank.
2. Meetings were held with the Ministry of Commerce and the Ministry of Fisheries and Livestock at which it was decided that ATDP-II, in conjunction

with industry associations, would submit a comprehensive SOQ proposal. This proposal was presented at a joint ministerial meeting in January 2003.

3. In December 2002 a six-person team from Bangladesh met with the leading European shrimp importers, distributors, retailers and NGO's in the Netherlands, Belgium and the United Kingdom.

GIS Activities

Geographical mapping has begun with the collection of information on the geographical distribution of shrimp industry units such as depots, feed mills, ice plants and processing plants.

SOQ Publications

Three SOQ newsletters were published along with a supplement. 3,000 Bangla copies were distributed.

Fin Fish Program

In 2002, fin fish consultants worked to

- diversify and improve existing business procedures
- establish marketing networks
- develop value added products
- strengthen organizational procedures
- provide better member services
- improve management skills
- provide technical assistance to improve the quality of edible fish
- improve fish breeding techniques and develop better fish seed marketing
- improve feed formulation

Activity Highlights – Fin Fish

1. ATDP-II completed a market study with ABC Fisheries in Sylhet to improve their business practices and capture new markets. The client began vegetable cultivation on pond embankments to introduce appropriate new technologies. ATDP-II also provided training to 19 members on pond preparation and water management.
2. Technical support has been provided to the women's organization Nari Uddag Kendra to execute a business plan for their fish farming project. They have introduced commercial pen culture as an appropriate technology with technical support from ATDP-II. Fifty-eight participants received training on pen fish culture and management.
3. A poly culture consultant was provided to Galda Chinri-o-Matsha Chasi Samabay Samity, Phulpur to do a market study as a first step in preparing a business plan. Training was provided to 37 members on sampling of fish, shrimp and live foods

4. Training has been provided to 299 members of the Nazirertek Matshya Babosyaee Bahumukhi Samabay Samity in Cox's Bazar on "Organizational Strengthening and Member Services" and "Hygienic Dry Fish Production."
5. 83 members of Motso Pona Baboshahi Kollayan Somoti were trained on over-wintering, collecting, packaging and transporting fish seeds and on breeding problems.

HORTICULTURE

In 2002, the horticulture sector concentrated on developing the clients' ability to produce quality products and establish domestic and export market linkages. A survey of the value chain of the horticulture industry gathered information that will be used to identify good future clients. The subsector consultant worked with four groups of potential clients: exporters, processors, aggregators and specialized cold storage operators.

Activity Highlights

1. Fifteen members of the Women Entrepreneurs Association of Bangladesh (WEAB) were trained on fruit and vegetable preservation. Members of the association developed 11 new products and entered into one new geographic market.
2. Four members of the Bangladesh Fruit, Vegetable and Allied Food Products Exporters Association attended the Asia Fruit Congress 2002 in Singapore, where five marketing linkages were established.
3. Training programs on post-harvest handling were organized for 100 fruit and vegetable aggregators from the Organization for the Poor Community Advancement.
4. The survey on value chain and market research for seasonal fruits and vegetables of Bangladesh was completed.
5. Business services were provided to Gharoa Food and Beverage Co. to develop a new orange drink. These services included:
 - Information on the source of raw materials, chemicals, and packaging materials;
 - Product formulation;
 - Product testing and rectification;
 - Commercial product launching; and
 - Supervising commercial production.
6. Technical support for producing spice in paste form was provided to Janata Food Products of Sylhet, including information regarding:
 - Sources of chemicals;
 - Product formulation;
 - Trial production of chili paste; and
 - Trial production of turmeric paste.

POULTRY

ATDP-II 's major focus was on providing training and technical assistance to poultry sector clients while continuing to identify potential clients, assess their needs and organize services to address those needs. Training programs and consultancies were developed to focus on improving the quality of day-old chicks and poultry feed. Assistance is being provided to poultry processors, feed manufacturing companies, a company manufacturing veterinary drugs, and a company exporting duck feathers.

Activity Highlights

1. The subsector consultant provided consultant services on a monthly basis to Euro Bangla on breeder management, poultry husbandry, bird health and litter management.
2. Thirty-four pellet feed agents in the Chittagong area were trained on best practices, management, disease control and nutrition.
3. Twenty selected members of the Chittagong Chamber of Commerce received training on improved breeder farm and hatchery management.
4. Kazi Farms, VIP Shahadat Hatcheries, Northern Hatcheries and Usha Farms received individualized training on improved breeder farm and hatchery management.
5. Continuous support has been provided to M.M Agha on pellet feed formulation and its marketing as a new product.
6. A market study titled "An Assessment of the Poultry Broiler Demand in Dhaka" was completed.
7. Anamica Feathers participated in the 4th SARC trade show in Katmandu, Nepal. ATDP-II poultry sector consultant accompanied the client to help build relationships with prospective buyers. The client sold US \$4,500 worth of products at the show, selling out his entire display.

OTHER: DAIRY

Because the subsector analysis indicted that the project can not expect to have a major impact on commercial dairying in Bangladesh, our work in this sector is limited. ATDP-II has been working successfully with Sylhet Dairy Milk to introduce milk pasteurization and to improve the new products (mozzarella, cheddar and feta cheeses) it developed in 2001. Training was also conducted on Artificial Insemination techniques, using world-class semen to breed cattle that can produce higher amounts of milk under conditions found in Bangladesh.

Sylhet Dairy- A Success Story

In 1995, five local dairy owners, with only 250 cows among them, invested Tk 400,000 to establish Sylhet Dairy to supply fresh milk to the local market. Today, their dairy has three sales outlets and a strong home delivery system. Sylhet Dairy Milk (SDM), a subsidiary company formed in early 2002, has introduced packaged liquid milk to the Sylhet market, diversified the parent company's products, and expanded its technical capacity to improve product quality. The company owns 500 cows producing 1,200 liters of milk a day; eight contract farmers with 250 cattle supply an additional 600 to 800 liters of milk per day.

Sales were Tk 4,900,000 in 2001. Near the end of 2002, the company's annual sales stood at Tk 5,575,463, with Tk 310,000 net profit per annum. That success did not come easily, and may not have come at all without assistance from ATDP-II to solve the many problems the company faced in its efforts to expand.

Because they lacked a pasteurization plant, SDM started out selling raw fresh milk. The milk that didn't sell immediately was often wasted. To address this problem, SDM began producing various value added milk products, including sweetmeats, ghee, butter, yoghurt and cottage cheese. These new products sold well, but the demand for fresh milk was also increasing, and the need for a small milk pasteurization plant became even more pressing. SDM contacted ATDP-II in September 2001, requesting support to obtain a pasteurization plant using their own resources.

The ATDP-II team began searching for appropriate equipment in countries around the world, including India, the UK, Kenya and the US. Milkpro, a South African company, was favored because its equipment had a proven track record in other developing countries with conditions similar to those in Bangladesh. Convinced that, with some modifications, the equipment would be suitable, a Letter of Credit was opened to import a mini milk pasteurization plant from South Africa. ATDP-II played an important role in identifying the required modifications and persuading Milkpro to customize the equipment according to SDM's particular needs.

Installation of the equipment was completed in January 2003. ATDP-II provided a short-term dairy consultant to help install the pasteurization plant and to train the staff in its use. ATDP-II also helped SDM import a cream separator and equipment to test milk fat from India, and to purchase a homogenizer and other small equipment and chemicals from Dhaka markets.

While waiting for their pasteurization equipment, SDM began processing milk using traditional methods. With technological support from ATDP-II, SDM fabricated stainless steel vats to heat and cool sealed packets of milk in water, had a cold storage unit built locally, and trained its staff in traditional milk processing. "This will help create a market for the increased milk production we anticipate when the new equipment is installed," said Managing Partner Hilal Uddin Chowdhury.

The company is now selling about 1,200 liters of processed liquid milk a day and has expanded its marketing network to Bianibazar and Golapganj upazillas. It plans to expand into four more upazillas once the new pasteurization plant is running at full capacity. Since it began to market processed liquid milk, SDM has developed linkages with 30 more shops in Sylhet. The number of shops is expected to increase to 200 soon.

At ADTP-II's suggestion, Sylhet Dairy also plans to import superior quality semen to improve its cattle herd. This is the first such initiative in the private sector in Bangladesh. ATDP II will train the workers in the proper handling of imported frozen semen and the artificial insemination process.

SDM decided to produce cheese after an informal market assessment revealed that it would have a good demand in the Sylhet region, which has a large number of local residents working abroad. These people visit Bangladesh frequently, bringing different eating habits and new taste preferences with them. Consequently, SDM requested help in manufacturing feta, mozzarella and cheddar cheeses to further diversify their product line and attract new customers. SDM soon started successfully marketing mozzarella cheese in local markets. ATDP-II displayed the cheese at its stall during American Trade Fair in Chittagong in September 2002, where it was a big hit.

Before ATDP-II began its intervention with SDM in 2001, the company's sales were Tk 415,000 per month. The sales rate rose rapidly once the project's assistance began, to Tk 7,28,000 per month in November 2002. Sylhet Dairy Milk is an impressive example of what the initiative of a small group of business people can accomplish in a very short time, and in an agriculture sector historically underdeveloped in Bangladesh.

B. IMMEDIATE RESULT TWO: IMPROVED AGRIBUSINESS SUPPORT INSTITUTIONS

POLICY, AGRIBUSINESS SUPPORT INSTITUTIONS & GOVERNMENT RELATIONS

In 2002, ATDP-II's created a Policy, Agribusiness Support Institutions (ASI) and Government Relations Unit. The major focus of this unit is to coordinate and drive ATDP-II's work in policy related matters and to provide assistance to institutions supporting agribusiness development in Bangladesh.

Because this unit works with the subsector consultants, many of its activities have already been described in the subsector activity highlights. The unit has been working intensively with 15 agribusiness support institutions. Working with the respective subsector consultants, the unit has also provided support to clients in reviewing business plans, providing loan advice and introducing clients to banks.

Activity Highlights

1. ATDP-II provided consultancy services to the Chittagong Chamber of Commerce & Industries (CCCI) to establish an agribusiness support cell. A CCCI senior staff member works closely with ATDP-II, using suggestions and business services from ATDP-II to provide member services more efficiently.
2. As a result of consulting services, The Organization for Poor Community Advancement (OPCA) established a new self-financed, independent office supported by a full time staff. The management has selected three individuals from the staff to develop as local experts who will provide hands-on training to members engaged in agricultural production. In 2002, OPCA received Tk 1.6 million from the Canada Fund for Local Initiative to set up four sales centers, including a transit storage facility for vegetables produced by their members.
3. With technical assistance from ATDP-II, Trinomul Manobik Unnayan Sangstha accomplished the following as a part of its institutional capability strengthening.
 - Began to operate a self-financed, independent office;
 - Developed its own expertise to undertake need analyses of the agribusiness subsector, to prepare project papers and concept papers for donor financing, and to set up its own monitoring system.

C. INTERMEDIATE RESULT THREE: MORE MARKET ORIENTED POLICIES, LAWS, REGULATIONS AND INDUSTRY STANDARDS

The Policy, Agriculture Support Institutions and Government Relations unit has been working closely with the SOQ program, in particular by trying to explain to the government the current realities in the international marketplace and the pressing need to develop an independent certification program.

At the request of the Secretary of Commerce, a feasibility paper on tea branding was developed and provided to the Ministry. Work also continues on an Agribusiness MBA program and an Agribusiness Center for Excellence was started.

Activity Highlights

1. **Agribusiness Human Resources Development Policy Initiative** - In 2002, ATDP-II conducted a feasibility study to determine the viability of an Agribusiness MBA program. The findings of the feasibility study were positive and a preliminary survey indicated that there were universities in Bangladesh interested in and capable of running an MBA program. In 2002, three expatriate consultants along with ATDP-II consultants worked with prospective stakeholders, including over 30 agribusiness chief executive officers from various subsectors, to design a two-year course curriculum focused on strategic management, functional management and sector management. The team selected the American International University of Bangladesh (AIUB) as the domestic partner in the development of an Agribusiness MBA program. ATDP-II management is now reviewing the draft report.
2. **Agribusiness Plan Competition** - A proposal for a sustainable and innovative agri-business plan competition is in process. The purpose of this competition is:
 - To create general awareness of the scope and potential of agribusiness in Bangladesh; and
 - To develop skills in preparing agribusiness and financial plans for successful project implementation.
3. **Agribusiness Center for Excellence** - Recognizing the need for human resource development in agribusiness, ATDP-II launched the Center for Agribusiness Excellence in Dhaka in 2002. This center has started coordinating a series of lectures and workshops for CEOs and middle managers. The following activities have been completed under this program so far:
 - A horticulture Adda was held with participants from the private sector, the government, WEAB, Hortex and USAID. A horticulture entrepreneur from India shared his view of the opportunities for and constraints on the horticulture sector in Bangladesh after he visited various sites.
 - A seminar on aquaculture feeding, held in collaboration with the Asian Soybean Association in Bangladesh, was attended by over 100 people.
 - A CEO- Investor Roundtable on “New Food Technology” was hosted at the Sonaogaon Hotel with Dr. N. M. Riaz, a food extrusion technology expert from Texas A&M University, serving as the facilitator.

4. **Policy Tours** – ATDP-II organized two US study tours on agribusiness for the Secretary of the Ministry of Agriculture, six senior government officials, and the General Manager of Bangladesh Bank. Three civil servants were selected for long-term training and were accepted at universities in Australia and the United Kingdom.

Leveraging Other Resources

ATDP-II's impact and results have been enhanced by contacts with other donors, including DFID, the Dutch Development Agency, Swiss Contact, and the European Commission. Through the Seal of Quality Program, ATDP-II has regular contact with most of the donors working on technical and environmental issues, including DFID, FAO, DANEDA, the European Union, CBI (a Dutch NGO), the Network of Aquaculture Centres in Asia-Pacific, the World Bank, Winrock, Carita, Save the Children (UK), Oxfam UK, the Ethical Trades Initiative, JOBS, the Global Aquaculture Alliance and the World Wildlife Fund.

ATDP-II has used Winrock volunteers to deliver technical assistance to the grains and poultry sectors. The fisheries consultant has had idea exchanges with the ICLARM project, especially in the area of fresh water shrimp production. The grains consultant has held discussions with CIMMYT (the International Maize and Wheat Improvement Center) on maize drying.

Finally, in 2002, ATDP-II participated in the American Week Program in Chittagong, a US Embassy sponsored event highlighting current US development activities in Bangladesh. The event generated interest in ATDP-II activities and attracted potential clients.